

Message Text

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ACTION L-03

INFO OCT-01 EUR-12 ISO-00 CIAE-00 PM-05 INR-10 ACDA-12
NSAE-00 PA-01 SS-15 SP-02 ICA-11 TRSE-00 /072 W
-----090745 040644Z /11

R 040435Z AUG 78
FM AMEMBASSY THE HAGUE
TO SECSTATE WASHDC 3107
SECDEF WASHDC
INFO AMEMBASSY LONDON
USDOCOCENT BRUNSSUM NL
32ND TFS CNA
USNMR SHAPE
CINCUSAREUR HEIDELBERG
CINCUSAFE RAMSTEIN
USCINCEUR VAIHINGEN GE
USMISSION USNATO
AMEMBASSY BONN
AMEMBASSY BRUSSELS

C O N F I D E N T I A L SECTION 1 OF 2 THE HAGUE 4324

32ND TFS FOR NL/JA; USAREUR FOR AEAJA/IA; USAFE FOR JACI
USDOCOCENT FOR MG WHITLATCH

E.O. 11652: GDS
TAGS: MARR NATO NL
SUBJECT: TAX EXEMPTION OF MILITARY HEADQUARTERS AND PERSONNEL;
THE DUTCH AND AFCENT

REF: (A) THE HAGUE 3519, (B) STATE 165806

1. SUMMARY. EMBASSY WISHES TO DRAW THE ATTENTION OF
ACTION ADDRESSEES TO THE FACT THAT THE MEETING OF THE
AD HOC COMMITTEE ON TAX EXEMPTION (REF B) AT NATO ON
JULY 6 AND 7 DID NOT MOVE THE PROBLEM OF DUTCH COLLECTION
OF LOCAL TAXES FROM SOME US MILITARY AND CIVILIAN
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PERSONNEL ANY CLOSER TO A SOLUTION. AS A RESULT, US
PERSONNEL FACE INCREASED PRESSURE FROM LOCAL TAX OFFICIALS
IN THE NETHERLANDS TO PAY TAXES THEY CONSIDER ILLEGAL
AND UNFAIR. WE REQUEST STATE AND DOD GIVE THIS MATTER THEIR
URGENT ATTENTION IN ORDER TO PREVENT A SERIOUS DETERIORATION
IN OTHERWISE GOOD LOCAL RELATIONS BETWEEN US PERSONNEL
AND COMMUNITY AUTHORITIES. END SUMMARY.

2. WE UNDERSTAND THAT THE MEETING AT NATO HEADQUARTERS OF THE AD HOC COMMITTEE ON TAX EXEMPTION OF MILITARY HEADQUARTERS AND PERSONNEL WAS NOT CONCLUSIVE. MEMBERS OF THE COMMITTEE WERE UNABLE TO AGREE ON A RECOMMENDATION TO THE NAC REGARDING PAYMENT OF CERTAIN LOCAL LEVIES AND TAXES. THE COMMITTEE DECIDED TO REDRAFT ITS REPORT AND TO RECONSIDER THE SUBJECT AT A MEETING SCHEDULED FOR NOVEMBER 27. ITS REPORT WOULD THEN BE REFERRED TO THE NAC FOR DISCUSSION, WHICH WOULD APPARENTLY MEAN THAT NO FINAL DECISION CAN BE EXPECTED UNTIL DECEMBER OR JANUARY. THIS LEAVES THE MATTER WHERE IT WAS PRIOR TO THE MEETING; THE DUTCH POSITION, AS SET OUT IN A NOTE FROM THE MFA TO THE EMBASSY ON NOVEMBER 22, 1976, IS THAT MILITARY PERSONNEL ARE REQUIRED TO PAY THE TAXES; AFCENT HAS STATED IN A LETTER FROM ITS CHIEF OF STAFF TO THE MFA ON APRIL 7, 1978 THAT THESE TAXES OUGHT NOT BE COLLECTED WHILE THE SUBJECT IS UNDER CONSIDERATION BY NATO AUTHORITIES.

3. THE LOCAL SITUATION AT AFCENT IS ALSO UNCHANGED. WE HAVE BEEN INFORMED THAT AMERICAN PERSONNEL AT AFCENT HEADQUARTERS ARE NOW CONSIDERING PAYING THE LOCAL TAXES IN QUESTION (A WATER POLLUTION LEVY AND A REAL ESTATE TAX) UNDER PROTEST. UNDER THIS REASONING, A BILINGUAL STATMENT WOULD BE HANDED TO THE TAX AUTHORITIES UPON PAYMENT PROTESTING THE CHARGES AND

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REQUESTING POTENTIAL REPAYMENT. APPROXIMATELY 500 US PERSONNEL OF SOME 2,000 HEADQUARTERS ALLIED PERSONNEL ARE AFFECTED BY THIS SITUATION; THERE ARE OTHER PERSONNEL FROM THE FRG, UK, CANADA, AND BELGIUM. WE UNDERSTAND THAT THE CANADIANS ARE NOT PAYING THE TAX BUT THEIR FAILURE TO DO SO IS BEING IGNORED. THE BELGIANS ARE NOW PAYING AFTER A BELGIAN LT GENERAL LOST A COURT CASE AGAINST THE TAXES. THE GERMANS ARE PAYING AND THE BRITISH ARE UNAFFECTED BECAUSE THEIR RENTALS ARE PAID BY THE BRITISH GOVERNMENT WITH THE TAXES INCLUDED IN THE GOVERNMENT PAYMENTS. IN ADDITION, THE LOCAL SITUATION IS COMPLI- CATED BECAUSE THE COLLECTION EFFORTS VARY FROM COMMUNITY TO COMMUNITY; HEERLEN, WHICH HAS THE MOST AMERICANS, IS LEADING IN THE EFFORTS TO COLLECT THE TAXES.

4. WE HAVE DISCUSSED THIS DIFFICULTY WITH SEVERAL DIFFERENT OFFICERS FROM THE MFA INCLUDING ASSISTANT LEGAL ADVISOR MAAS-GEESTERANUS, WHO ATTENDED THE MEETING OF THE AD HOC COMMITTEE. HE SAID THAT UPON HIS RETURN

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C O N F I D E N T I A L SECTION 2 OF 2 THE HAGUE 4324

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FROM BRUSSELS HE COULD ONLY ADVISE HIS GOVERNMENT
THAT THE RESULTS OF THE MEETING AND THE DRAFT REPORT DID
NOT REQUIRE NETHERLANDS TAX AUTHORITIES TO REFRAIN
FROM COLLECTION OF THE TAXES. BECAUSE THE MEETING CHANGED
NOTHING, THE DUTCH HAVE THEREFORE DECIDED TO PROCEED WITH
COLLECTING THE CHARGES. HE SAID IN HIS PERSONAL OPINION THE
ONLY WAY TO AVOID PAYMENT OF THE TAXES WOULD BE FOR AN
INTERNATIONAL DECISION TO COME DOWN THROUGH NATO CHANNELS
THAT THE TAX IS NOT TO BE COLLECTED. THIS POINT OF VIEW
WAS REPEATED BY OFFICERS IN THE MFA ATLANTIC COOPERATION
AND SECURITY AFFAIRS SECTION WHO SAID THAT AS LONG AS A
DECISION
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IS NOT REACHED IN NATO WHICH PERTAINS TO THE ENTIRE
ALLIANCE, THE GON WILL APPLY ITS OWN VIEWS.

5. WE WERE TOLD THAT THE LEGISLATION FOR THE NEW REAL ESTATE TAX WAS NOT DRAFTED WITH FOREIGN MILITARY PERSONNEL IN MIND AND THAT, ON THE CONTRARY, ITS EFFECT ON THEM WAS NOT REALIZED UNTIL THE LOCAL TAX COLLECTORS HAD BEGUN TO IMPLEMENT THE LEGISLATION. WHILE MFA OFFICIALS HAVE ASSURED US INFORMALLY THAT THEY WOULD WELCOME RESOLUTION OF THE SITUATION IN A MANNER WHICH WOULD PERMIT NON-COLLECTION OF THE TAXES, IN MATTERS LIKE THIS WITH A POTENTIALLY STRONG DOMESTIC IMPACT THEY DO NOT ALWAYS PREVAIL OVER THEIR COLLEAGUES IN THE MINISTRY OF FINANCE.

6. ACTION REQUESTED: SUBJECT TO ANY VIEWS FROM INFO ADDRESSEES, WE SUGGEST THAT STATE AND DOD CONSIDER WHETHER ANY STEPS COULD BE TAKEN SOONER THAN THE NOVEMBER MEETING OF THE AD HOC COMMITTEE. IT IS CLEAR TO US THAT THE DUTCH WILL MOVE AHEAD TO COLLECT THE TAXES UNLESS THEY ARE INSTRUCTED NOT TO DO SO. OUR EFFORTS AT PERSUASION HAVE NOT BEEN EFFECTIVE AND IF THE LOCAL SITUATION IS NOT TO DETERIORATE INTO A CONFRONTATION BETWEEN US PERSONNEL AND TAX COLLECTORS, EITHER US PERSONNEL SHOULD BE ADVISED TO PAY THE TAXES OR THERE MUST BE A DECISION DIRECTED TO THE DUTCH FROM THE NATO HIERARCHY THAT THE TAXES IN QUESTION ARE NOT TO BE COLLECTED FROM FOREIGN MILITARY PERSONNEL ASSIGNED TO THE NETHERLANDS IN CONNECTION WITH THEIR NATO DUTIES. WE ARE RELUCTANT TO ADVISE AMERICAN PERSONNEL TO PAY TAXES, EVEN UNDER PROTEST, WHICH APPEAR IMPROPER TO US AND WE THEREFORE SEEK WASHINGTON GUIDANCE.
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